



Information Bulletin

CCT-6 Issued: April 6, 2006

The Corporation Capital Tax Act

Was this bulletin useful?

Click here to complete our short
READER SURVEY

Tax Rate Reduction for Resource Corporations

As a result of the April 6, 2006 Saskatchewan Budget, the Corporation Capital Tax Resource Surcharge rate paid by a resource corporation will be reduced effective July 1, 2006. This rate reduction will be effective for coal, oil and gas, potash and uranium corporations paying the Resource Surcharge.

Those corporations that meet the definition of a resource corporation and have a value of resource sales will pay the reduced Resource Surcharge. The revised rates are as follows:

- For Tier 4 oil and gas wells, the rate will be reduced from 2.0% to 1.85% for production occurring on or after July 1, 2006; from 1.85% to 1.75% for production occurring on or after July 1, 2007; and from 1.75% to 1.7% for production occurring on or after July 1, 2008.
- For all other oil and gas wells, coal, potash and uranium produced on or after July 1, 2006, the rate will be reduced from 3.6% to 3.3%; from 3.3% to 3.1% for production occurring on or after July 1, 2007; and from 3.1% to 3.0% for production occurring on or after July 1, 2008.

For example, an oil and gas corporation with a December 31, 2006 fiscal year end and a value of resource sales of \$1 million for January 1 to June 30, 2006 and \$1 million for the period July 1 to December 31, 2006 (assumes all production is from oil and gas wells drilled before October 1, 2002) will calculate tax payable as follows:

\$1 million x 3.6% =	\$36,000
\$1 million x 3.3% =	<u>\$33,000</u>
Total Payable	<u>\$69,000</u>

Installment payments may be adjusted taking into account the reduced rates for the appropriate periods.

For Further Information

Write: Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-7773

E-mail: sask.tax.info@finance.gov.sk.ca
Fax: 306-787-0241